

Memorandum

TO: MAYOR AND CITY COUNCIL

FROM: Mayor's Budget Shortfall
Advisory Group

**SUBJECT: BUDGET SHORTFALL
ADVISORY GROUP
RECOMMENDATION**

DATE: January 23, 2008

Approved

Date

DRAFT

RECOMMENDATIONS TO THE CITY COUNCIL

1. Adopt the recommended budget principles from the Strategies to Address the City's General Fund Structural Budget Deficit with the following addition.
 - a. In addition to the annual budget, the City Manager shall recommend for City Council approval a Multi-year Operations Planning Budget beginning with the 2009-2010 budget process. Each year shall be balanced. Total personnel cost increases shall not exceed projected revenue increases. If overall expenses are expected to exceed revenues in any year, the gap shall be covered by revenue increases, service reductions or cost savings. The amount of each category necessary to cover the gap shall be specified.
2. Allocate 1/3 of the \$137 million shortfall to 3 categories to be achieved over 3 years
 - 1) Revenue Increases (including economic development)
 - 2) Service Reductions
 - 3) Cost Savings
3. Direct the City Manager to make recommendations for specific implementation steps and timelines for revenue increases, cost savings, and service reductions as a 3-Year Structural Deficit Elimination Plan prior to the budget study sessions in May. Also the City Manager will conduct outreach to stakeholder as part of the process for approval.
4. Approve the following additions to the annual budget process.
 - a. May
 - 1) City Manager recommends a Multi-year Operations Planning Budget beginning with the 2009-2010 Budget process.
 - 2) Discussion and hearings on recommendations as part of budget process

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- b. June
 - 1) Council approves annual budget, Multi-year Operations Planning Budget beginning with the 2009-2010 Budget process , and 3-Year Structural Deficit Elimination Plan.
 - c. November
 - 1) Progress and assumptions are reviewed as part of updated forecast in November.
 - d. March
 - 1) Progress and assumptions reviewed as part of 5-year forecast.
 - 2) Adjustments to 3-Year Structural Deficit Elimination Plan recommended by Mayor and considered by Council in March budget message hearings.
5. Include in the June Budget Hearings, discussion and recommendations related to the Manager's 3- year structural deficit elimination plan.